

**STATEMENT OF PROCEEDINGS FOR THE SPECIAL MEETING OF THE
CITY OF HUNTINGTON PARK OVERSIGHT BOARD**

**CITY OF HUNTINGTON PARK
CITY COUNCIL CHAMBERS
6550 MILES AVENUE
HUNTINGTON PARK, CALIFORNIA, 90255**

Monday, September 22, 2014

4:30 PM

I. CALL TO ORDER

Chair Guerrero called the meeting to order at 4:50 p.m.

II. ROLL CALL

Estevan Padilla, Oversight Board staff, called roll.

Present: Board Member Albert Fontanez, Board Member Katherine Hennigan, Vice Chair Yolanda Duarte and Chair Elba Guerrero

Absent: Board Member Luis Buendia, Board Member Richard Verches and Board Member Theresa Villegas

III. ADMINISTRATIVE MATTERS

- 1. Approval of an Emergency Loan to the Successor Agency from the City of Huntington Park for the payment of the yield penalty/arbitrage rebate payment to the Internal Revenue Service (IRS). (14-4291)**

Julio Morales, Interim Executive Director, recommended the need for an emergency loan from the City of Huntington Park to the Successor Agency in order to cover the arbitrage rebate payment. Mr. Morales explained, initially the proceeds from the sale of Southland Steel were intended to pay the arbitrage rebate payment, but the Successor Agency does not anticipate the sale of the property to be completed by November 1, 2014. A progress payment of approximately \$1.4 million is due by November 1, 2014 to the Internal Revenue Service (IRS). In addition, if the Successor Agency refinances the 2004 Tax Allocation Bonds; the Successor Agency is required to make a payment in full within sixty days of refinancing. Mr. Morales was not confident that the Southland Steel transaction would be completed in time to make the arbitrage payments; therefore, the Successor Agency is requesting an emergency loan from the City of Huntington Park in order to make the payments on time.

Mr. Morales indicated that there was an alternative aside from the emergency loan from the City. There was a possibility that the Successor Agency could solicit a loan from the County of Los Angeles. Unfortunately, based on information received, the County is not currently issuing loans to Successor Agencies or Cities. The Department of Finance (DOF) advised the Successor Agency that their best option was to request an emergency loan from the City in order to pay the arbitrage rebate payment with the general likelihood of its approval.

Ultimately, the City of Huntington Park will advance reserve funds to pay off the arbitrage rebate payment due on November 1, 2014 in the amount of \$1.4 million and if necessary, the remaining \$2 million will be paid sixty days after the 2004 bonds are refinanced. Mr. Morales noted that the Successor Agency considered using some of the proceeds from the refunding bonds to pay for the arbitrage rebate liability, but the DOF indicated the Successor Agency cannot take such action. Teresa Highsmith, Oversight Board Counsel, explained that the DOF is aware of the \$3.4 million dollar arbitrage rebate liability payment. In addition, the transaction is also stipulated in the Long Range Property Management Plan (LRPMP). The liability is an enforceable obligation but it wasn't placed on previous ROPS because the payment is not due until the ROPS 14-15B period. Currently, \$1.4 million dollars is due by November 1, 2014; however, by refinancing the bonds, the responsibility to pay back the entire arbitrage rebate liability will be accelerated.

On motion of Board Member Fontanez, seconded Vice Chair Duarte, duly carried by the following vote, the Oversight Board adopted Resolution No. OSB 2014-06, A Resolution of the Oversight Board to the Successor Agency for the Former Huntington Park Community Development Commission, Authorizing A Loan Agreement Between the City of Huntington Park and the Successor Agency to the Former Huntington Park Community Development Commission (Successor Agency) Loan Agreement (Arbitrage Rebate): ROPS-14-15B:

Ayes: 4 - Board Member Fontanez, Board Member Hennigan,
Vice Chair Duarte and Chair Guerrero
Absent: 3 - Board Member Buendia, Board Member Verches and
Board Member Villegas

Attachments: [SUPPORTING DOCUMENTS](#)

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2. Authorization of the Issuance of Tax Allocation Refunding Bonds and authorizing the execution and delivery of certain documents and other matters related to the refunding of bonds. (14-4292)

Julio Morales, Interim Executive Director, informed the Oversight Board that by refinancing the Tax Allocation bonds any potential future arbitrage rebate liability will be eliminated. Savings is also a major factor in refinancing the bonds. Vice Chair Duarte inquired as to the potential savings by refinancing the bonds. Jan Mazyck, Finance Advisor, Mazyck Advisors noted the expected projected savings is \$800,000 on the 2004 bonds and \$380,000 on the 2007 bonds.

Teresa Highsmith, Oversight Board Counsel, questioned why the Resolution included what is being refinanced in the arbitrage rebate liability penalty portion. Kevin Hale, Bonds Counsel, informed the Oversight Board that the reason why the statement was included in the recitals was to reference the loan for the benefit of the Department of Finance (DOF) to preempt the argument that the loan should be considered a refunding candidate.

On motion of Board Member Fontanez, seconded by Board Member Hennigan, duly carried by the following vote, the Oversight Board adopted Resolution No. OSB 2014-07, A Resolution of the City of Huntington Park Oversight Board Authorizing the Successor Agency to Refund Certain Outstanding Tax Allocation Obligations Pursuant to Assembly Bills X1 26 and 1484:

Ayes: 4 - Board Member Fontanez, Board Member Hennigan, Vice Chair Duarte and Chair Guerrero

Absent: 3 - Board Member Buendia, Board Member Verches and Board Member Villegas

Attachments: [SUPPORTING DOCUMENTS](#)

3. A Resolution approving the Administrative Budget for the Successor Agency for the six-month period of January 1, 2015 through June 30, 2015. (14-4294)

Julio Morales, Interim Executive Director, explained the Administrative Budget for the Recognized Obligation Payment Schedule (ROPS) 14-15B. Mr. Morales indicated that the Successor Agency has reflected \$125,000 for the current ROPS period in Administrative Costs. Vice Chair Duarte questioned why expenses haven't been decreasing.

Mr. Morales indicated the actual cost is dedicated to staff for the winding down process, and that it could actually exceed the given administrative cost. Vice Chair Duarte wanted to clarify why the Community Development Manager was being allocated staff hours, and a salary, if the position is vacant. Mr. Morales explained that he could lower the Administrative Budget to \$100,000 if the Oversight Board preferred, for the purpose of not jeopardizing the approval of the ROPS by the Department of Finance.

Teresa Highsmith, Oversight Board Counsel, informed that the Oversight Board can approve the ROPS along with the Administrative Budget, and at a subsequent meeting the Successor Agency can present an updated Administrative Budget reflecting the actual costs. If the updated administrative cost given by the Successor Agency to the Oversight Board is approved; the Oversight Board can submit a revised resolution with the actual administrative cost amount.

On Motion of Board Member Fontanez, seconded by Vice Chair Duarte, duly carried by the following vote, the Oversight Board adopted a Resolution approving the Administrative Budget for ROPS 14-15B covering the six-month period from January 1, 2015 through June 30, 2015, as amended:

Ayes: 4 - Board Member Fontanez, Board Member Hennigan, Vice Chair Duarte and Chair Guerrero

Absent: 3 - Board Member Buendia, Board Member Verches and Board Member Villegas

Attachments: [SUPPORTING DOCUMENTS](#)

4. A Resolution approving a Recognized Obligation Payment Schedule (ROPS 14-15B) for the Successor Agency of the Community Development Commission of the City of Huntington Park. (14-4295)

Julio Morales, Interim Executive Director, presented the Recognized Obligation Payment Schedule (ROPS) 14-15B for the six month period from January 1, 2015 through June 30, 2015. Mr. Morales informed that the costs in project expenses from prior ROPS have risen as well as debt service payments. In addition, the relocation and maintenance land cost has increased from prior ROPS. Mr. Morales explained that the County directed staff to include the Housing Successor Agency cost in the amount of \$150,000 for the current ROPS.

On motion of Board Member Hennigan, seconded by Board Member Fontanez, duly carried by the following vote, the Oversight Board adopted Resolution No. OSB 2014-09, A Resolution of the Oversight

Board for the Successor Agency to the Community Development Commission of the City of Huntington Park Approving A Recognized Obligation Payment Schedule for the Six-Month Fiscal Period From January 1, 2015 through June 30, 2015, and Taking Certain Related Actions:

Ayes: 4 - Board Member Fontanez, Board Member Hennigan, Vice Chair Duarte and Chair Guerrero

Absent: 3 - Board Member Buendia, Board Member Verches and Board Member Villegas

Attachments: [SUPPORTING DOCUMENTS](#)

IV. MISCELLANEOUS

5. Public Comment (opportunity for Member of the Public to address the Board on items of interest that are within the Jurisdiction of the Board). (14-4296)

There were none.

6. Chair and Board Member Comments. (14-4297)

There were none.

7. Matters not posted on the agenda (to be presented and placed on the Agenda for a future meeting). (14-4299)

There were none.

8. Adjournment of the Special Meeting of September 22, 2014. (14-4300)

The meeting adjourned at 5:50 p.m.